

IN SENATE OF THE UNITED STATES.

APRIL 21, 1828.

Mr. SMITH, OF MARYLAND, MADE THE FOLLOWING REPORT:

The Committee on Finance, to which was referred the following resolution, offered by Mr. Benton;

Resolved, That the Committee on Finance be instructed to inquire whether any error has occurred in the construction of the 4th section of the act, entitled "*An act to provide for the redemption of the public debt*," passed the 3d day of March, 1817, in reference to the amount of surplus revenue to be retained in the Treasury; and, if so, to report an amendment for restoring the section to its true intent and meaning.

Also, That the same Committee be instructed to inquire into the expediency of so altering and amending the same section, (if no error be found in the construction thereof,) as to reduce the amount of surplus revenue required by that section to remain in the Treasury, from two millions of dollars, to one million, or less.

Also, That the same Committee be instructed to inquire into the expediency of so altering and amending the 5th section of the same act, as to vest the Commissioners of the Sinking Fund with a *discretionary*, instead of a *limited* authority, in making purchases of the public debt *at its market price*, whenever, in their judgment, such purchases can be made beneficially for the interests of the United States, and when the state of the Sinking Fund and existing engagements will permit them to do so.

Also, That the same Committee be instructed to make a report to the Senate, showing within what *time* the present debt of the United States may probably be paid off; and upon what articles, and to what amount, the present duties may *then* be reduced or abolished, consistently with the general interests of the whole Union.

REPORT:

That with a view that the Senate may have the subject fully before them, the Committee have deemed it proper to submit the 4th section of the "*Act to provide for the redemption of the public debt*," passed 3d March, 1817:

"Section 4. And be it further enacted, That after the year one thousand eight hundred and seventeen, whenever there shall be, at any time after an adjournment of Congress, in any year, a surplus of

money in the Treasury, above the sums appropriated for the service of such year, the payment of which to the Commissioners of the Sinking Fund will yet leave in the Treasury, at the end of the year, a balance equal to two millions of dollars, then such surplus shall be, and the same is hereby, appropriated to the Sinking Fund, to be paid at such times as the situation of the Treasury will best permit; and shall be applied, by the Commissioners thereof, to the purchase or redemption of the public debt."

The operation of that section did not (it appears,) commence until after the expiration of the year 1817, the 3d section directed how the surplus funds in that year should be applied, viz: That in addition to the ten million appropriated annually as a Sinking Fund, for the discharge of the principal and interest of the public debt, there should be paid, during the year 1817, a further sum of nine millions towards the redemption of the principal; and a further sum of four millions to be paid to the Commissioners of the Sinking Fund, to be considered by them as an advance on the appropriation for the ten millions payable in the year 1818.

The Committee are of opinion that the construction of the 4th section of the act to provide for the redemption of the public debt, "in reference to the amount of surplus revenue to be retained in the Treasury," as at present understood, is correct; and that, of course, it is deemed by the Committee unnecessary to propose any amendment.

The committee are also of opinion, that it would be inexpedient to reduce the amount of surplus revenue, required by the 4th section to remain in the Treasury, from two to one million.

The Committee understand that the construction at the Treasury of the 4th section, and the operation under it, is, that if at any time after the adjournment of Congress, it should appear that there will be in the Treasury at the expiration of the year a surplus over and above two millions of dollars, after satisfying all claims on the Treasury, then such surplus must be applied to the redemption of the principal of the public debt.

The Treasury appears to have considered the reservation of two millions of dollars as discretionary, to be retained, or not, as the Secretary might deem advisable for the public interest. It does not appear that the two millions has ever been retained—a more particular view, however, of that point, will be taken hereafter.

The Committee addressed a note to the Secretary of the Treasury, on all the points of the resolution. His answer, with the documents A. B. C. are herewith submitted as part of their report, viz:

TREASURY DEPARTMENT.

March 24, 1828.

SIR: I had the honor to receive, some days ago, your letter of the 11th instant, and immediately gave directions for preparing the further information which you request. Such, however, has been the pressure of business on the Department, that it has not been completed as early as was desired.

In the statement which is herewith enclosed, marked B, the Register has incorporated, with the substance of his former statement, transmitted to you with my letter of the 10th instant, some additional matter, which, it is believed, will exhibit the subject in a clearer view.

It will be perceived, that the balance stated to be in the Treasury in 1817, was the balance on the first of January of that year, and was applied, together with a larger sum, to the payment of the debt, under the several provisions of the Sinking Fund Act, which passed on the 3d of March following. But, after applying all that could be employed in that way, a large balance remained on the first of January, 1818, which also was applied, with other moneys in that year, to the payment of the debt. It was during that year, and that alone, that any applications of moneys under the 4th section of the Sinking Fund Act, has been made. The state and prospects of the Treasury at the time that application was determined upon, did, no doubt, authorize the determination; yet, it appears probable, that the estimate of the receipts into the Treasury, upon which it was formed, was not realized; it being apparent, from this statement, that the Treasury was exhausted by the application, and left at the close of the year without the means of satisfying the outstanding appropriations. In the next six years, the amount of debt redeemable, was not sufficient to absorb even the amount of the annual appropriation of ten millions for those years. Consequently, there could have been no application of any surplus, if any surplus had existed. During part of that time, however, so far from there being a surplus, the means of the Treasury proved inadequate, even to discharge such portions of the debt as were then redeemable, and recourse was had to loans. On the first of January, 1823, there appears, as you have remarked, to have been a small surplus; but it was a surplus remaining after the application to the debt of all that could be so employed—no more being then redeemable. The surplus of upwards of five millions, which remained on the first of January, 1824, was under the same circumstances. That sum was, however, applied, with other moneys during that year, to the purchase of 7 per cent. stock, under the authority of an act passed on the 22d January, 1824. Indeed, the payments on account of the debt during that year, were so great, amounting for principal and interest, to upwards of sixteen millions and a half, as again to exhaust the Treasury. During the years 1825, 1826, and 1827, when the amount of the public debt redeemable, was sufficient to give full activity to the operation of the Sinking Fund, the payments on account of the principal and interest, exceeded twelve millions, eleven millions, and ten millions, for those years successively. It was not, however, until the close of the year 1826, and 1827, that any surplusses of money remained in the Treasury; and these amounted, as statement B shows, to little more than a million. But whether there would be such a surplus could not be clearly foreseen at the time when the Commissioners decided upon the amount of the last payment to be made in the year. That decision was made in the month of September, in those years; it being deemed equitable and proper, to give three months notice to the holders of the stock which was to be paid off. At those periods, the

condition and prospects of the Treasury were not considered such as to render prudent the application of a greater sum than was then determined upon. And as that sum would, in each case, exceed the ten millions appropriated for the year, no sufficient reason was perceived for exposing the Treasury to the hazard of making engagements beyond its means.

In their deliberations upon those occasions, the Commissioners of the Sinking Fund had fully under view the 4th section of the act of the 3d of March, 1817. In determining upon the amount that should be applied to the debt, it has been intended, at all events, to pay within each year, the annual appropriation of ten millions, and to pay also such further sum as would leave in the Treasury, at the end of the year, an amount adequate to the discharge of such appropriations as the public service would require to be satisfied. As long as there remained, from previous years, any sum unpaid of the annual appropriation of ten millions, they have not considered themselves as precluded from applying such further sum to that object, although the surplus in the Treasury should, by such application, be reduced below two millions. In doing so, they have believed that they were giving to the Sinking Fund Act, the most liberal interpretation of which it is susceptible. For it may, perhaps, be doubted, whether the balances of the annual appropriations of ten millions ought not to be carried to the surplus fund at the end of two years, in the same manner as other unapplied appropriations. Indeed, there is high authority in favor of this disposition of those balances: the opinion that they should be so disposed of, having been expressed in a report of the Committee of Ways and Means, made to the House of Representatives, on the 14th of April, 1820. My predecessor in this Department inclined to the same opinion, as would appear by a report made by him to the House of Representatives on the 5th of February, 1823, though he did not act under that opinion.

The conclusion to which the Commissioners came, in examining this subject, viz: That those appropriations which would remain unsatisfied at the close of the year, and which the public service required to be satisfied, must be provided for before any moneys in the Treasury can be held applicable, under the 4th section of the Sinking Fund Act, is believed to be a sound one. It is in accordance with the opinion which has heretofore prevailed at the Treasury, and with that decisively expressed by the Committee of Ways and Means, in their report to the House of Representatives, of the 5th of February, 1826. The balances of appropriations which are presented in the annual Treasury report, as chargeable upon the balance in the Treasury at the close of the year, and which are also exhibited in connexion with the estimates under the directions of the act of the 1st May, 1820, are believed to be fully within the terms of the 4th section of the Sinking Fund Act, as "the sums appropriated for the service of such year;" and, if so, no part of that balance can be applied under the 4th section, unless it is "a surplus of money in the Treasury above such sums," and a surplus, too, "which will yet leave in the Treasury a balance equal to two millions of dollars." It may be remarked, in favor of this construc-

tion, that a comparison between the balance of the sums appropriated for the service of the year and the amount of money in the Treasury, would, if made at any other period of the year, present a result less favorable to the application: as will be seen by a statement which has just been prepared for the Senate, and a copy of which is enclosed, marked A.

By an examination of the two statements which accompany this letter, it will be perceived, that since the first year after the passing of the Sinking Fund Act, in which the sum of four millions nine hundred and seventy-eight thousand one hundred and seventy-seven dollars and sixteen cents was applied, there has not been, at any time, any surplus of money in the Treasury after the adjournment of Congress, which could be applied under the 4th section of the act, according to any construction that can be given to it.

In examining whether the limitation contained in the 4th section should be repealed, there are many circumstances to be taken into consideration. It is to be observed, that the revenue of the United States, which is derived almost entirely from foreign commerce, must, from its nature, be precarious. And while the credit system prevails, (a system, however, under which both the commerce and revenue of the country have, in the main, prospered,) it is exposed to additional uncertainty. Any great commercial disaster, which would put it out of the power of a considerable portion of the merchants to discharge their custom house bonds at any given time, with punctuality, would, in all probability, put it out of the power of the Government to fulfil its engagements. For, it will be seen, that all the money in the Treasury, at any given time, is not equal, upon an average of the last ten years, to one-fifth of the annual expenditure, and would suffice, for the public service, for but little more than two months. It would seem, therefore, the part of a prudent government, not to expose its operations unnecessarily to any increased hazard, or indeed to any hazard, for the prospect of an inconsiderable advantage. For the sake of fulfilling those engagements for which the public faith is pledged, some risk is to be encountered. And, although the experience of the past has not been without its warnings, as will be recollected in regard to one of the instalments of the Louisiana debt, yet it may fairly be considered as justifying all the actual risks. But, beyond that, the question becomes altogether one of policy, in which the probable pecuniary gain—a probability, perhaps remote, is to be weighed against the higher advantages of certainty, in all those operations of the government which depend upon pecuniary means, and in the fulfilment of all the national obligations.

It is also to be kept in mind, that, as the money in the Treasury is collected and disbursed at various places throughout the Union, it is, for the public convenience, distributed among various banks of deposit, including the Bank of the United States, its nineteen branches, and several State banks. In the principal cities, the payments by the bank, amount frequently to very large sums in the course of a day; and, as it cannot always be foreseen at what precise times, or to what

amount, these payments may be required, it is necessary that a considerable sum should be generally in bank to meet them. It appears, by a statement prepared for the Senate, that the average amount of public money remaining on deposit in the Bank of the United States, and all its branches, for the last ten years, is less than three millions of dollars; which sum, divided between the Bank and its branches, yields an average of less than one hundred and fifty thousand dollars for each. And of this sum, a portion is often in transitu between the branches at which it has been collected and those at which it is required for the public service.

It was, doubtless, upon a view of these, among other considerations, that the Legislature limited the application of the surplus in the Treasury to the amount of the excess over two millions. The reasons of policy which prevailed then, exist still. And since the act of May 1st, 1820, which, at the close of every year, casts aside those appropriations which will not be required, and confines the estimated charge upon the Treasury to such as are necessary for the public service, the limit is the more necessary to be preserved. And I am free to confess, in answer to your inquiry as to my own opinion, that it does not appear to be advisable to alter the law.

I have the honor to remain,

With the greatest respect,

Your obedient servant,

RICHARD RUSH.

Hon. S. SMITH,

Chairman of the Committee on Finance, Senate.

A.

STATEMENT of the balances of appropriations which were unsatisfied on the 1st day of each year, from 1817 to 1827, inclusive; the amount of appropriations for each year; the aggregate of the balances at the commencement of, and the appropriations for each year; the payments on account of these appropriations to the end of the quarter in which the adjournment of Congress took place in each year, from 1817 to 1827, inclusive; exhibiting also the balances of appropriations that remain to be satisfied at the end of the said quarters, and the means in the Treasury to meet those balances; also, the payments on account of the debt under the 4th section of the act of the 3d March, 1817.

| Years. | Balances of appropriations which were to be satisfied on the first of each year, from 1817 to 1827, inclusive. | Appropriations for each year, from 1817 to 1827, inclusive. | Aggregate of these appropriations and balances. | Payments on account of these appropriations, from the beginning of each year to the end of the quarter in which the adjournment of Congress took place. | Balances of appropriations that remained to be satisfied at the end of the quarter in which the adjournment of Congress took place, in each year. | Means in the Treasury, (including unavailable funds) to meet these appropriations. | Funds requisite over these means in the Treasury, to meet all unsatisfied appropriations at the end of the quarter in which the adjournment of Congress took place. | Payment on account of the debt under the 4th sec. of the act of the 3d March, 1817. |
|--------|--|---|---|---|---|--|---|---|
| 1817 | \$ 4,686,012 04 | \$ 34,759,460 38 | \$ 39,445,472 42 | \$ 10,122,298 70 | \$ 29,323,173 72 | \$ 22,690,957 74 | \$ 6,632,215 98 | B. \$4,978,177 16 |
| 1818 | 4,618,696 22 | 24,996,715 08 | 29,615,511 30 | 19,908,628 06 | 9,706,883 24 | 5,810,468 00 | 3,896,415 24 | |
| 1819 | 5,432,379 12 | 24,109,459 80 | 29,541,838 92 | 5,751,967 12 | 23,789,871 80 | 2,065,495 48 | 21,724,376 32 | |
| 1820 | C. 3,140,476 36 | 25,497,553 26 | 28,638,029 62 | 11,975,238 74 | 16,662,790 88 | 2,628,737 58 | 14,034,053 30 | |
| 1821 | C. 5,399,619 04 | 18,435,466 61 | 23,835,085 65 | 5,336,286 24 | 17,499,797 41 | A. - - | 18,276,544 01 | |
| 1822 | C. 2,738,316 41 | 20,508,017 81 | 23,246,334 22 | 8,902,410 73 | 14,343,923 49 | 2,497,418 00 | 11,846,505 49 | |
| 1823 | C. 2,746,260 90 | 20,190,113 81 | 22,936,374 71 | 4,471,601 01 | 18,464,773 70 | 5,165,066 30 | 13,299,707 40 | |
| 1824 | C. 3,001,500 01 | 25,830,635 95 | 28,832,136 60 | 13,637,492 97 | 15,194,643 09 | 7,855,791 15 | 15,338,851 94 | |
| 1825 | C. 3,228,627 91 | 22,892,544 72 | 26,121,172 63 | 5,670,631 12 | 20,450,541 51 | 6,753,949 08 | 13,696,592 43 | |
| 1826 | C. 4,352,909 78 | 23,255,413 09 | 27,608,322 87 | 14,190,010 01 | 13,418,312 86 | 4,079,057 20 | 9,339,255 66 | |
| 1827 | C. 4,294,175 71 | 23,172,096 39 | 27,466,272 10 | 4,802,858 06 | 22,663,414 04 | 7,293,113 23 | 15,370,300 81 | |

A. Balance against the Treasury on the 1st April, 1821 - - - - - \$ 776,746 60

B. As this sum was actually applied in 1818, under the 4th section of the act of the 3d March, 1817, it is presumed that the state of the Treasury did, at some period of the year, justify the application, although the money in the Treasury, (including unavailable funds,) at the end of the year amounted to only 1,478,526 74 (per statement B.)
And the unsatisfied appropriation at the same period, to 5,432,379 12

C. The balances are exclusive of the balances unapplied of the annual appropriation of \$ 10,000,000, on account of the debt, as particularly noted in the accompanying statement C.

TREASURY DEPARTMENT, REGISTER'S OFFICE, *March 19, 1828.*

JOSEPH NOURSE, *Register.*

B.

STATEMENT exhibiting the balances in the Treasury on the first day of January of each of the years from 1817 to 1828, inclusive; showing, also, the amount of unsatisfied appropriations and unavailable funds, the balance in the Treasury, exclusive of those sums, at the commencement of the years in which a balance over those sums existed, and the amounts in other years requisite, in addition to the available money in the Treasury, to meet the amount of unsatisfied appropriations; exhibiting, also, the amount paid on account of the principal and interest of the public debt in each year, with references to the appropriations under which the payments were made.

| | YEARS. | Balance of money in the Treasury on the 1st of January. | Amount of unapplied appropriations and unavailable funds, 1st of January, exclusive of the balances of the annual appropriation of 10,000,000 dollars for the public debt. | Balances in the Treasury, exclusive of unsatisfied appropriations and unavailable funds, 1st of January. | Amount requisite in addition to the money in the Treasury, exclusive of unavailable funds, to meet unsatisfied appropriations, 1st January, exclusive of those for the debt. | YEARS. | Amount paid in each year on account of the principal and interest of the debt. | APPROPRIATIONS OUT OF WHICH THE PAYMENTS ON ACCOUNT OF THE DEBT WERE MADE. | | | | |
|-----------|--------|---|--|--|--|--------|--|--|---|--|---|---|
| | | | | | | | | Of \$10,000,000, per 2d section of the act of 3d March, 1817. | Of \$9,000,000 per the 3d section of the act of 3d March, 1817. | Of the \$4,000,000, per the 3d section of the act of 3d March, 1817. | Out of the appropriation by law for the redemption of Treasury notes. | Out of so much of the surplus money in the Treasury, agreeably to the 4th section of the act of 3d March, 1817. |
| | 1817 | \$ 22,033,519 19 | \$ 5,686,012 04 | \$ 16,347,507 15 | | 1817 | \$ 25,423,036 12 | \$ 10,000,000 00 | \$ 9,000,000 00 | \$ 2,830,108 52 | \$ 3,592,927 60 | |
| | 1818 | 14,989,465 48 | 5,618,796 22 | *9,370,669 26 | | 1818 | 21,296,306 04 | 7,169,891 48 | | | 9,148,237 40 | \$ 4,978,177 16 |
| | 1819 | 1,478,526 74 | 6,432,379 12 | | \$ 4,953,852 38 | 1819 | 7,703,821 87 | 7,703,821 87 | | | | |
| | 1820 | 2,079,992 38 | 4,140,476 36 | | 2,060,483 98 | 1820 | 8,628,514 28 | 8,628,514 28 | | | | |
| | 1821 | 1,198,461 21 | 6,399,619 04 | | 5,201,157 83 | 1821 | 8,367,093 62 | 8,367,093 62 | | | | |
| | 1822 | 1,681,592 24 | 3,738,316 41 | | 2,056,724 17 | 1822 | 7,849,159 67 | 7,849,159 67 | | | | |
| | 1823 | 4,237,427 55 | 3,746,260 90 | *491,166 65 | | 1823 | 5,529,805 86 | 5,529,805 86 | | | | |
| | 1824 | 9,463,922 81 | 4,001,500 01 | *5,462,422 80 | | 1824 | 16,568,393 76 | 16,568,393 76 | | | | |
| | 1825 | 1,946,597 13 | 4,228,627 91 | | 2,282,030 78 | 1825 | 12,099,044 78 | 12,099,044 78 | | | | |
| | 1826 | 5,201,650 43 | 5,352,909 78 | | 151,259 35 | 1826 | 11,039,444 60 | 11,039,444 60 | | | | |
| | 1827 | 6,358,686 18 | 5,294,175 71 | †1,064,510 47 | | 1827 | 10,001,585 99 | 10,001,585 99 | | | | |
| Estimated | 1828 | 5,801,015 87 | 4,773,021 50 | †1,027,994 37 | | 1828 | | | | | | |
| | | | | \$17,416,763 55 | \$16,705,508 49 | | | | | | | |

TREASURY DEPARTMENT,
REGISTER'S OFFICE, *March 19th, 1828.*

JOSEPH NOURSE, *Register.*

* There was no debt to which part of this balance could be applied.

† This sum is larger than that presented in the Secretary's Report, arising from the receipts in 1827 being more than was estimated at the time the Report was dated, and from amounts carried to the surplus fund at the end of the year.

C.

STATEMENT of amount which remained unapplied of the annual appropriation of \$ 10,000,000, on account of the public debt, at the end of each year, from 1819 to 1827, inclusive.

| YEARS. | AMOUNT. |
|--------|-----------------|
| 1819 | \$ 2,296,178 13 |
| 1820 | 3,667,663 85 |
| 1821 | 5,300,570 23 |
| 1822 | 7,451,410 56 |
| 1823 | 11,921,604 70 |
| 1824 | 5,353,210 94 |
| 1825 | 3,256,166 16 |
| 1826 | 2,214,721 56 |
| 1827 | 2,213,135 57 |

TREASURY DEPARTMENT,

REGISTER'S OFFICE, 19th March, 1828.

JOSEPH NOURSE, *Register.*

D.

STATEMENT exhibiting the Payments on account of the Principal and Interest of the Public Debt, by the semi-annual application of \$5,000,000, until its final extinction.

| | PRINCIPAL. | INTEREST. |
|---|------------------|------------------|
| 1828, July - * \$ 5,000,000 00 | | \$ 1,639,042 12 |
| 1829, January - 1,871,915 76 | | 1,489,042 12 |
| “ July - 3,567,115 35 | | 1,432,884 65 |
| 1830, January - 3,674,128 81 | | 1,325,871 49 |
| “ July - 3,784,352 67 | | 1,215,647 33 |
| 1831, January - 3,897,883 25 | | 1,102,116 75 |
| “ July - 4,014,819 74 | | 985,180 26 |
| 1832, January - 4,131,670 70 | | 868,329 30 |
| “ July - 4,227,227 78 | | 772,772 22 |
| 1833, January - 4,322,340 39 | | 677,659 61 |
| “ July - 4,419,640 27 | | 580,359 73 |
| 1834, January - 4,520,405 31 | | 479,594 69 |
| “ July - 4,633,415 43 | | 366,584 57 |
| 1835, January - 4,722,419 97 | | 277,580 03 |
| “ July - 4,840,480 45 | | 159,519 55 |
| 1836, January - 4,913,152 03 | | 86,847 97 |
| “ July - 872,410 01 | | 13,086 15 |
| | \$ 67,413,377 92 | \$ 13,472,118 24 |
| Amount of principal brought down - - | - | \$ 67,413,377 92 |
| Interest - - - - | - | 13,472,118 24 |
| | | \$ 80,885,496 16 |
| Appropriation for 1828 to 1835, eight years, at ten millions per annum - - - | - | 80,000,000 00 |
| And there will be required on the 1st July, 1836, for the final discharge of the debt, viz: | | |
| For the residue of three per cents. 872,410 01 | | |
| Interest thereon for six months 13,086 15 | | |
| | | 885,496 16 |
| | | \$ 80,885,496 16 |

TREASURY DEPARTMENT,

REGISTER'S OFFICE, 8th April, 1828.

JOSEPH NOURSE, Register.

* The Commissioners of the Sinking Fund have directed that \$5,000,000 of the Debt be paid on the first of July next.

In considering the document A, the Senate will recollect that the line for 1817 has no connexion with the subject, the large surplus for that year having been applied specifically by the third section of the act. The operation of the 4th section commenced with the 1st January, 1818. On the 1st January of that year, it appears that there was a surplus in the Treasury of \$ 9,370,669, owing to the fact, as stated in the note—"That there was no debt to which part of this balance could be applied." In that year, 1818, it appears that the large sum of \$21,296,306 was applied to the payment of the principal and interest of the debt; which excessive payment could only have been made under a full belief that the estimates of receipts for 1818 would warrant it. The receipts, however, fell short of the estimate, in the sum of \$ 3,500,000, as appears by the letter (herewith,) of the Secretary of the Treasury, dated 5th April, 1828. That extreme desire to pay off the debt, occasioned, in part, perhaps, the distress in which the Treasury was involved in the year 1819, and aided in making loans necessary for the years 1820 and 1821. The document B shows that there was no surplus applicable, under the 4th section, during the years 1819, '20, '21, '22, and 1823; during those years the whole of the ten millions was not applied, and could not be applied, to the payment of the debt, as well for want of funds in the Treasury, as that fortunately there was little of the public debt payable; the consequence was, that a debt to the Commissioners of the Sinking Fund went on accumulating until it actually amounted, in the year 1823, (per document C.) to the sum of \$11,921,604 ^{$\frac{7}{100}$} . In the year 1824, the Treasury reduced that debt to \$5,353,210 ^{$\frac{94}{100}$} , by a payment of the debt and interest thereon, to the amount of \$16,568,393 ^{$\frac{76}{100}$} , and in the years 1825, '26 and 1827, farther deductions of that debt were made; the debt to the Commission on the 1st January, 1827, was reduced to the sum of \$2,213,135 ^{$\frac{67}{100}$} ; a further reduction was made to a trifling amount during the year 1827, and as the Commissioners of the Sinking Fund have ordered a payment of the principal of the public debt, to be made on the first day of July next, of five millions of dollars, the probability is, that a considerable reduction of the debt now due the Commissioners of the Sinking Fund, will be made in the present year.

The Committee have considered the subject fully, and are of opinion that the Commissioners have executed the trust reposed in them with fidelity, and in strict accordance with the 4th section of the act. That in no year, from 1819 until 1826, inclusive, (except the year 1824,) has there been any surplus of consequence in the Treasury, which could have been applied to the payment of the debt, even if the reservation of the two millions had not been authorized; that, in that year, they appear not to have retained any material surplus. On the 1st January, 1827, (see document B.) there appears to have been a surplus of only \$1,064,510; and on the same day, in 1828, a surplus of \$1,027,994.

The Committee have seen that a full reliance cannot be placed on estimates. A fair view of that subject will be found in the Secretary's letter. That therefore a change from two to one million of the sum re-

served might be attended with danger to the finances. The Secretary's report stated, that on the 1st of January, 1828, there would be a surplus of about \$2,200,000 in the Treasury; and the Committee on Finance, believing in the accuracy of the report, reported a bill to apply one million thereof to the payment of the debt due to the Commissioners of the Sinking Fund. Fortunately the bill did not pass; for by the report of the Secretary of the Treasury, at the commencement of the present session, it appears that there was, as estimated, only a surplus of \$471,705 in the Treasury; which surplus was afterwards ascertained to be \$1,027,994. From a view of the whole subject, the Committee repeat, as their opinion, that a change from two to one million is inexpedient.

The 5th section of the act authorizes the purchase of 3 per cent. stock, provided it can be purchased at the rate of \$65 for the \$100, and of 6 per cent. stock, if purchasable at the par and true value thereof. Since the passage of that act, stocks have been created, bearing an interest of $4\frac{1}{2}$ and 5 per cent., for the purchase of which there is no authority by law. These debts will be paid off as they shall become due. Is it necessary to make provision for their purchase, before they are payable? The opinion that it is proper to make such provision, must be bottomed on the idea, that the Treasury will have means adequate, not only to the payment of the ten millions annually, but such as will enable it to purchase in advance. The Committee have no means by which to calculate, whether that idea be correct or incorrect. It may be correct from an increase of revenue, or from a decrease of expenditures. From either, or both of which, a surplus applicable to a purchase might exist; at present, the Committee can perceive nothing to justify a certainty in the one or the other; and, without a great probability, amounting nearly to a certainty, the Committee would not feel themselves justified in recommending any change in the present system.

The Committee would deem it imprudent to authorize the purchase of those stocks, at a price beyond the par value thereof, unless, indeed, there were in the Treasury large sums, inapplicable to the payment of other debts, the loss of interest on which would be equal to the excess beyond the par value.

The Committee submit a statement from the Treasury Department, marked D, exhibiting the payments on account of the principal and interest of the public debt, by the semi-annual payment of five millions of dollars; by which it appears, that by the simple operation of the Sinking Fund, the whole of the public debt, including the bank debt, and 3 per cents., will be extinguished on the 1st day of January, 1836, except the small amount of \$885,496 $\frac{10}{100}$, which it is highly probable will be extinguished in that period, by an application of funds beyond the annual sum of ten millions.

The Committee, in answer to the last part of the resolution, calling on them to report "upon what articles, and to what amount, the present duties may be reduced or abolished, after the extinguishment of the public debt, consistently with the general interest of the whole Union,"

ask leave to submit a statement marked E: that statement is bottomed on the state of the country at present: great changes may, and probably will, take place before the 1st January, 1836, which may make it necessary to refrain from the repealing of the duties specified on some of the items, or from reducing the duties on those articles mentioned for reduction. It may be, that our citizens may cultivate the vine to a greater extent than at present. They may cultivate the olive, silk, &c. &c. The Committee has confined itself, as much as they could, to such articles as will not interfere with the growing manufactures of the country; and yet, it is possible, that prior to 1836, it may be found that the people can manufacture linen of all kinds, worsted stuffs, and some other articles, on which is contemplated a reduction of the duties; in fact, the scheme submitted by the Committee, may be found, in many of the items, wholly improper when Congress come to act on the subject.

The Committee submit the following resolution:

That it is inexpedient, at this time, to make any alteration in the
 “Act to provide for the redemption of the public debt.”

TREASURY DEPARTMENT,

April 5th, 1828.

SIR: In answer to the inquiries made by you this morning, through Mr. Dickens, I have the honor to state, that the sum applied in the year 1818, under the 4th section of the Sinking Fund Act, was applied to the reimbursement of the Louisiana stock, on the 21st of October, 1818: and that this application was determined upon by the Commissioners of the Sinking Fund on the 24th of April preceding.

I have also to state, that the actual receipts into the Treasury during the year 1818, fell short of the estimate made by the Secretary of the Treasury, nearly three millions and a half of dollars.

I have the honor to remain,

Very respectfully,

Your obedient servant,

RICHARD RUSH.

Hon. S. SMITH,

C. C. on Finance, Senate, United States.

E.

STATEMENT exhibiting the articles on which the duties may be repealed, or modified, when the national debt shall be paid off, provided no unforeseen occurrence may arise.

| Articles on which duties may be repealed. | | Articles on which duties may be reduced 50 per cent. | |
|---|-----------------------|---|-----------------------|
| Articles. | Nett Rev. in 1827. | Articles. | Nett Rev. in 1827. |
| Wines of all kinds | \$ 667,369 | Linens - - - - | \$ 535,909 |
| Teas of all kinds - - | 1,462,692 | Worsted stuffs - - - | 403,062 |
| Coffee - - - - | 1,436,471 | Nankeens - - - - | 23,982 |
| Salt - - - - | 851,798 | Bolting cloths - - - | 5,595 |
| Cocoa - - - - | 735 | Quills - - - - | 17,811 |
| Almonds - - - - | 9,105 | Black bottles - - - | 54,696 |
| Currants - - - - | 8,519 | Demijohns - - - - | 11,461 |
| Prunes and plums - - | 5,998 | Thread and silk lace - | 129,059 |
| Figs - - - - | 20,927 | Cambrics - - - - | |
| Raisins - - - - | 199,642 | Lawns - - - - | |
| Mace 1 - - - - | | Cashmere shawls - - | } A. |
| Cloves 2 - - - - | | Gauze - - - - | |
| Nutmegs - - - - | 10,498 | Ribbons - - - - | |
| Cinnamon 3 - - - - | | Straw mats - - - - | |
| Cassia 4 - - - - | | Canton crape - - - - | |
| Pepper - - - - | 10,095 | | |
| Pimento - - - - | 31,501 | | |
| Indigo - - - - | 67,392 | | \$ 1,181,575 |
| Bristles - - - - | 7,565 | | |
| Spanish Brown and Ochre - | 8,826 | | |
| Camphor - - - - | 2,366 | | |
| Cayenne pepper - - - | 78 | | |
| Ginger - - - - | 9,153 | | |
| Olive oil - - - - | 5,720 | | |
| Alum - - - - | 210 | | |
| Corks - - - - | 12,097 | | |
| Quicksilver 5 - - - | | | |
| Opium - - - - | 9,615 | | |
| Silks of all kinds - - | 1,281,094 | | |
| Capers 6 - - - - | | | |
| | \$ 6,119,466 | | |

A. These articles are connected with others, and their values cannot be separated so as to exhibit the duty accruing on each.

Note. Articles numbered 1, 2, 3, 4, 5, the exportation exceeds the importation.
6. Capers cannot be distinguished from other articles paying a duty of 30 per cent. ad valorem.

TREASURY DEPARTMENT,

REGISTER'S OFFICE, *April 16, 1828.*

JOSEPH NOURSE, *Register.*